



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 08-02: Life Insurance Actuarial Issues

ISSUED February 7, 2008 (REVISED October 24, 2008)

To: All Life Insurers
From: Linda Bohrer, Director, Insurance Market Regulation Division
Fred Heese, Director, Insurance Company Regulation Division
Re: Life Insurance Actuarial Issues

The purpose of this bulletin is to clarify some of the laws affecting life insurance policies issued in the State of Missouri, as well as to remind carriers of certain provisions in the law. It is important that carriers have specific, consistent guidance on these issues that are of special concern to Missouri, including those resulting from administrative and other differences among states.

Rescinded and Inoperative

1) Universal Life Interest Rates

The valuation interest rate for a life insurance policy must not exceed its nonforfeiture interest rate. (See RSMo §376.380.1(2)(f)). Nonforfeiture interest rates for universal life policies do not need to equal guaranteed cash value accumulation rates. Before changing the valuation interest rate for newly issued policies, i.e., in response to changes in maximum permissible valuation interest rates, actuaries must assure that nonforfeiture compliance is maintained, e.g., for expense allowances, surrender charges, and smoothness.

2) Reserves for Life Insurance with Limited Underwriting

The 2001 CSO Mortality Table is not generally adequate for statutory reserves for pre-need, funeral, credit, and simplified or guaranteed issue life insurance. Reserves for those types of life insurance issued based upon limited underwriting must not be based upon the 2001 CSO Mortality Table without modification unless justified by credible experience as attested by a specifically qualified actuary, i.e., a Member of the American Academy of Actuaries (MAAA), in accordance with all applicable Actuarial Standards of Practice (ASOPs) promulgated by the Actuarial Standards Board (ASB). (See RSMo §376.380.)

Any questions should be addressed to:

David J. Hippen, FSA, MAAA, FLMI
Life & Health Actuary

Missouri Department of Insurance, Financial Institutions and Professional Registration

301 West High Street, Suite 530

Jefferson City, MO 65102

573-526-4983

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DEPARTMENT OF INSURANCE, FINANCIAL
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P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 08-03: Annuity Actuarial Issues

ISSUED February 7, 2008 (REVISED October 24, 2008)

To: All Life and Annuity Insurers
From: Linda Bohrer, Director, Insurance Market Regulation Division
Fred Heese, Director, Insurance Company Regulation Division
Re: Annuity Actuarial Issues

The purpose of this bulletin is to clarify some of the laws affecting annuity contracts issued in the State of Missouri, as well as to remind carriers of certain provisions in the law. It is important that carriers have specific, consistent guidance on these issues that are of special concern to Missouri, including those resulting from administrative and other differences among states.

Rescinded and Inoperative

The IIPRC, LHATF and the department are currently reviewing the details supporting bulletin 08-03. Any clarification from LHATF contrary to the substance of this bulletin may result in further DIFP action concerning this bulletin. Companies filing annuities should be aware of the contents of 08-03. A company may choose at this time to provide filings in compliance with 08-03 or choose to wait to file forms at a later time.

1) FPDA Valuation Interest Rate

Some insurers have erroneously ignored future interest guarantees on annuity considerations in determining the maximum statutory valuation interest rate if those guarantees did not exceed the long-term life insurance maximum valuation rate. Valuation interest for flexible premium deferred annuity (FPDA) contracts which guarantee interest on future considerations (and variable FPDA contracts with one or more accounts that include fixed interest guarantees) must consider those guarantees, even if the future guarantees are below the long-term whole life rate. This can result in a maximum valuation rate which is 0.25% lower than the maximum valuation rate permitted for single premium deferred annuity (SPDA) contracts. (See RSMo §376.380.2.(3)(c) .)

2) Cash Values in Deferred Annuities

The Standard Nonforfeiture Law for Deferred Annuities (SNFL), RSMo §376.671 and §376.669, do not permit reductions in cash surrender value except for loans and withdrawals. Any non-variable deferred annuity contract whose cash value formula could result in a decrease in cash value would violate RSMo §376.671 and/or §376.669. The Commissioner's Annuity Reserve Method (CARVM) which calculates reserves for deferred annuities must presume that the cash values do not decrease. (See RSMo §376.380.1(2)(e) .)

INSURANCE BULLETIN 08-03: Annuity Actuarial Issues

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3) Annuities with Market Value Adjustments (MVAs)

The Standard Nonforfeiture Law for Deferred Annuities (SNFL), RSMo §376.671 and §376.669, do not permit cash surrender values to decrease (except for withdrawals and indebtedness). If a market value adjustment (MVA) has the potential to reduce cash surrender value below a previously credited amount, it violates RSMo §376.671 and/or §376.669.

Further, the maximum potential a MVA would have to be valued in setting CARVM reserves under the Standard Valuation Law, RSMo §376.380.1(1)(e). This law requires the actuary to set reserves equal to the greatest possible present value of future benefits.

Annuities with MVA features that comply with 20 CSR 400-1.150, the Modified Guaranteed Annuity (MGA) Rule, avoid violations of the two situations described above. Having the MVA annuity in a separate account avoids violation of RSMo §376.671 and §376.669, and avoids having to consider the maximum potential value of the MVA in CARVM. Annuities with MVA features that do not comply with the MGA rule will be considered in violation of RSMo §376.671 and/or §376.669 and the Standard Valuation Law, RSMo §376.380.1(1)(e), regardless of any caps, floors, or limits on the MVA.

Reasonable equity requires that downward adjustments in cash surrender values must be similar in magnitude to upward adjustments that take place when changes in reference interest rates are similar in magnitude. (See 20 CSR 400-1.150(5)(A)3.) MVA formulas should not include penalties for surrender that unreasonably exceed expected changes in market values of investments. In typical MVA formulas, loads greater than 0.25% tend to produce unacceptably inequitable and excessive downward adjustments in cash value.

A separate account does not automatically require Securities and Exchange Commission (SEC) registration as a security. The SEC determines registration requirements. It does subject the contract to the state rules regarding variable contracts, including company and agent licensure.

Any questions should be addressed to:

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INSURANCE BULLETIN 08-04:
Long-Term Care, Medicare Supplement and Health Insurance Issues
ISSUED February 7, 2008 (REVISED October 24, 2008)

To: All Health and Long-Term Care Insurers
From: Linda Bohrer, Director, Insurance Market Regulation Division
Fred Heese, Director, Insurance Company Regulation Division
Re: Long-Term Care, Medicare Supplement and Health Insurance Issues

The purpose of this bulletin is to clarify and remind insurers that Missouri has strict standards and laws affecting long-term care insurance issued in the State of Missouri. This bulletin is intended to specifically remind insurers that rate increase requests on long-term care insurance will be fully evaluated for compliance with the laws and regulations of the State of Missouri.

1) Long Term Care Regulations - Premiums

For policies issued on or after January 1, 2004, insurers are required to develop initial premium rates that contain provisions for moderately adverse conditions. The intent of this standard is to reduce the possibility of future rate increases, and in the event that a rate increase is necessary (assuming that the insurer can show that experience exceeds moderately adverse conditions) and approved by the department the resulting premium rates must not only meet the moderately adverse condition requirement but all other of the other requirements in (8) and (18) of the regulation.

The Director may take significant corrective action against companies that fail to comply with these regulations. Actions that the Director may take include but are not limited to premium rate schedule adjustments or other measures designed to reduce the difference between projected and actual experience, a plan to improve an insurers administrative or claims processing, a plan where insureds can exchange existing coverage for new coverage, or the Director may prohibit the insurer from issuing new coverage for a period of 5 years.

For policies issued prior to January 1, 2004, insurers are required to demonstrate that the expected loss ratio is at least 60% calculated in a manner that provides for adequate reserving of the long term care risk. Insurers requesting rate increases on business written prior to January 1, 2004 should review Missouri Insurance Regulations 20 CSR 400-4.100 (17). Any rate increase filings for policies issued under these regulations must comply with the entire regulation.

Finally, insurers are reminded that a number of factors go into the development of premiums and reserves. In reviewing a rate increase request the Director may ask the insurer to demonstrate that actual results are different than the expected results. The Director may ask the insurer to demonstrate

INSURANCE BULLETIN 08-04:

Long-Term Care, Medicare Supplement and Health Insurance Issues

ISSUED February 7, 2008 (REVISED October 24, 2008)

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lapse rates (persistence), claim utilization, interest rates and/or any other factors that may be affecting the rate increase request.

2) Long Term Care Regulations – Contract Reserves

Missouri requires companies with issue age rated products (including long term care insurance) to hold adequate contract reserves in accordance with NAIC accounting requirements. Companies should test the adequacy of their reserves and premiums, looking at the combined results of all of the assumptions.

To summarize, the State of Missouri has strict standards and laws affecting long term care insurance and the Director expects insurers to comply with all of applicable regulations and laws.

Any questions should be addressed to:

David J. Hippen, FSA, MAAA, FLMI

Life & Health Actuary

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Rescinded and Inoperative



**DEPARTMENT OF INSURANCE, FINANCIAL
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INSURANCE BULLETIN 08-08: Reporting of Disciplinary Actions
ISSUED June 30, 2008

To: All Life Insurers
From: Linda Bohrer, Acting Director
Re: Required reporting of disciplinary actions pursuant to the Military Personnel
Financial Services Protection Act, Pub. L. No. 109-290 (2006)

The Insurance Market Regulation Division issues this bulletin to clarify how violations of the Military Sales Practices Regulations [20 CSR 400-5.305](#) and [20 CSR 400-5.310](#) should be reported to the Department of Insurance, Financial Institutions & Professional Registration.

Rescinded and Inoperative

Subsection 12(a) of the Military Personnel Financial Services Protection Act, Pub. L. No. 109-290 (2006), prohibits an insurer after September 1, 2007, from entering into or renewing a contractual relationship with an agent or other person who sells life insurance on a military installation unless the insurer has implemented a system to report disciplinary actions taken by: (1) the insurer or (2) any Federal or State government entity against its agents for conduct occurring on a military installation. The insurer is required to report such disciplinary actions to both its domiciliary regulator and to the agent's resident regulator ("The Federal Reporting Requirement").

To simplify the Federal Reporting Requirement for insurers, the NAIC has implemented a Military Sales Online Reporting System that may be accessed at the following Web link of the National Association of Insurance Commissioners: <https://external-apps.naic.org/msors/>. The Military Sales Online Reporting System will, in turn, forward the reported information to all appropriate state insurance departments. Reporting via Military Sales Online Reporting System will satisfy the mandate of the Federal law. We strongly encourage you use the Military Sales Online Reporting System.

All insurers doing business in this state must comply with the "Federal Reporting Requirement" and shall demonstrate to the Director, upon request, that they have complied with the reporting requirements.



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INSURANCE BULLETIN 08-09: Long-Term Care Partnership
ISSUED July 17, 2008

To: All Long-Term Care Insurers
From: John Korte, Manager, Life & Health Section
Re: Long Term Care Partnership Exchanges and Forms Review

The Division of Insurance Market Regulation of the Missouri Department of Insurance, Financial Institutions & Professional Registration (DIFP) issues this bulletin to provide notice to insurers planning to implement a Long-Term Care Partnership program on or after August 1, 2008.

Exchanges **Rescinded and Inoperative**
Missouri Regulation 20 CSR 400-4.110(1)(B), to be effective July 30, 2008, indicates that offers to exchange issued policies for Partnership Plans shall be made within 180 days of the date the company starts to market LTC Partnership Plans. However, this mandatory offer of an exchange only applies to products issued by the company that are comparable to the type of policy form (e.g. group policies or individual policies) that the company has certified as Partnership Qualified. For example, if an insurer certifies a comprehensive individual long-term care policy under the Missouri Long-Term Care Partnership Program, it is only required to offer exchanges to comprehensive individual long-term care policy holders who were issued coverage on or after February 8, 2006. In this example, since only an individual policy was certified, exchange offers would not be required to be made to group certificate holders under a group policy.

Expedited Form Review

In addition, insurers are required to comply with the NAIC model rule in Missouri Regulation 20 CSR 400-4.100, to be effective July 31, 2008. Section (26) of this regulation requires a provision that indicates the consumers "right to reduce coverage and lower premium" and Section (25) requires a notice that "new services or providers" are available. For companies that do not have approved forms that comply with the Section (26) requirements, we are offering an expedited approval of an insert page containing the provisions required in Section (26). The expedited approval shall be accompanied by the self certification statement found at the end of this bulletin and filed via SERFF.

Any questions regarding these procedures should be directed to John Howser, Senior Products Analyst at John.Howser@insurance.mo.gov or 537-751-3365.



DEPARTMENT OF INSURANCE, FINANCIAL
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P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 08-09: Long-Term Care Partnership
POLICY FORMS FILING SELF CERTIFICATION STATEMENT

Company Name:

Form Number(s):

I have reviewed or supervised the preparation of the above policy forms. I hereby certify that to the best of my knowledge, information and belief these forms comply with all of the applicable requirements of Missouri Insurance Statutes and the Regulations promulgated thereunder.

Rescinded and Inoperative

It is understood and agreed that the Director of the Department of Insurance, Financial Institutions & Professional Registration may at any time make an additional review of the forms listed above which may be approved in connection with this Certification. Any subsequent disapproval of such previously approved form(s) must contain the specific reasons why such form(s) is (are) contrary to the provisions of such Statutes or Regulations. I hereby consent to the discontinuance by the Company of the use of the form(s) within the period of time stated by the Director of the Department of Insurance, Financial Institutions & Professional Registration, to be no less than ten (10) days after receipt of the notice of disapproval.

I acknowledge and agree that any provisions, limitations, exclusions or policy language certified by virtue of this Certification which are in conflict with the statutes and regulations of this state shall be hereby construed to conform to the requirements of such statutes and regulations.

Signature and Title of Authorized Company Representative Date

Type or print name and title of person whose signature appears above



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INSURANCE BULLETIN 08-10: Missouri Automobile Insurance Plan
ISSUED September 19, 2008

To: All Companies Licensed to Write Automobile Insurance in Missouri
From: Angela Nelson, Manager, Property & Casualty Section
Re: The New Missouri Automobile Insurance Plan and 20 CSR 500-2.300

The Property and Casualty Section issues this bulletin to provide guidance as to changes in the notice requirement found in 20 CSR 500-2.300.

Subsection (6) of this regulation requires that any notice of cancellation, non-renewal or refusal to write an auto insurance policy contain the following notice: "You may obtain automobile insurance through the Missouri Joint Underwriting Association (JUA) if you qualify. We urge you to contact any insurance producer of your choice immediately for further information."

On September 1, 2008, the new Missouri Automobile Insurance Plan (AIP) replaced the Missouri JUA as the state's auto insurance residual market mechanism. The Property and Casualty Section is in the process of amending 20 CSR 500-2.300 to reflect this change. While that regulation is pending, the Property and Casualty Section requests that carriers update their notices to reflect the new AIP. Such change will alleviate any possible confusion for those consumers that may qualify for Missouri's residual market.

As of September 1, 2008, the new notice language on the policy should read: "You may obtain automobile insurance through the Missouri Automobile Insurance Plan if you qualify. We urge you to contact any insurance producer of your choice immediately for further information."

If you have any questions, please contact the Property and Casualty Section at 573-751-3365.



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INSURANCE BULLETIN 08-11: Medical Malpractice Statistical Data Reporting
ISSUED October 15, 2008

To: All Insurers and Providers of Medical Professional Liability Coverage in Missouri
From: Linda Bohrer, Acting Director
Re: Proposed Rule 20 CSR 600-1.030 Medical Malpractice Statistical Data Reporting

The Missouri Department of Insurance, Financial Institutions and Professional Registration anticipates that the medical malpractice data reporting requirements specified in sections 383.105 – 383.124, RSMo, will be fully implemented early next year. All data filings will become due no later than March 31, 2010. All entities required to report such data should review the proposed rule published in the October 15, 2008, Missouri Register, and ensure that all necessary data for January 1 through December 31, 2009 is retained. Please note that different reporting requirements are subject to differing time frames and applicable to different reporting entities. The proposed rule and forms can be found on the department's website at www.insurance.mo.gov/laws/index.htm.

As is usual with any first-time filing, the department fully expects that the process will not be flawless. Insurers can help facilitate the timely filing of data by ensuring that their information systems capture and retain the required data elements and the appropriate reporting categories. The department will continue to work hard to assist insurers that experience difficulties with the new reporting requirements, *if difficulties are communicated to the department in a timely fashion and the reporting entity makes every effort to remedy such problems.*

Please take the time to become familiar with the proposed rule and the associated forms. Questions about the new requirements may be addressed to Jackie Kuschel of our statistics staff. She may be reached at 573-751-3163 or jackie.kuschel@insurance.mo.gov.



DEPARTMENT OF INSURANCE, FINANCIAL
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INSURANCE BULLETIN 08-11: Medical Malpractice Statistical Data Reporting
Frequently Asked Questions

Who is required to file?

1. **Quarterly Individual Claim Data (§383.105, RSMo):** All providers of medical professional liability coverage, including licensed insurers, risk retention groups, all unauthorized or surplus lines carriers, and self-insured entities are required to report individual claims data. Please refer to form MM5.

2. **Base Rate Data (§383.106.2, RSMo).** Only licensed insurers that are actively issuing new policies should report base rate data. Insurers that are not actively writing new business are not required to report. Refer to form MM4.

3. **Premium, exposure, loss, and underwriting data (§383.106, RSMo)** All providers of medical professional liability coverage, excluding self-insured entities, are required to report premium, exposure, loss and underwriting data, including licensed carriers, risk retention groups, and all unauthorized or surplus lines carriers. Please refer to forms MM1, MM2, MM3, and MM6.

When are the forms due?

1. **Quarterly Individual Claim Data:** While the claim data have been collected since the late 1970s, the proposed rule will add several new data elements, as well as mandate new requirements such as electronic filing and data verification procedures. These changes will be effective for the first quarterly filing subsequent to the promulgation of the proposed rule.

2. **Base Rate Data:** The base rate data should be filed subsequent to any rate changes relevant to form MM4 that are made after the effective date of the rule, and prior to the use of the changed rates.

3. **Premium, exposure, loss, and underwriting data:** Data reflecting the experience of 2009 is due March 31, 2010.



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INSURANCE BULLETIN 08-13:
New Standard Form for Establishing Provider Credentials
ISSUED December 1, 2008

To: All Health Maintenance Organizations (HMOs)
From: Molly White, Manager, Managed Care Section
Re: New Standard Form for Establishing Provider Credentials

The Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) has amended 20 CSR 400-7.180, Standard Form To Establish Credentials. A new credentialing form, Form UCDS, will be adopted with an effective date of January 30, 2009.

Rescinded and Inoperative

The Managed Care Section understands and acknowledges the complexity of the transition process and expects all HMOs to be consistent, non-discriminatory and mindful of any potentially negative financial impact to members or providers while transitioning to the new form. HMOs are expected to engage in reasonable compliance efforts showing evidence that the HMO is shifting to the new credentialing form in a manner consistent with the HMO's normal recredentialing process.

Examples of activities the section shall consider reasonable include:

- Allowing all current participating providers in the network to continue their credentialing information on the old credentialing form last modified in February 2001, until the provider becomes due for normal recredentialing. It's the section's understanding that all HMOs are currently using a 3-year standard recredentialing cycle. Therefore, credentialing data for a current participating provider could persist on the old form for up to 3 years after the effective date of the new form;
- Instructing credentialing agents or delegates to allow all their current participating providers to continue their credentialing information on the old form until the provider becomes due for normal recredentialing;
- Maintaining all currently participating providers, when a provider is not otherwise due for recredentialing, in "normal" or "active" status. This means any status that would have the effect of assuring and maintaining timely claims payment to the provider, and which assures that the provider's services continue to be considered "in network" for purposes of determining members' financial responsibility, even if the provider has not yet filled out the new form.

The above examples are not "all inclusive", but provided as a means to clarify the section's position that unnecessary disruption must be avoided. The section will work to address any action that is deemed unreasonable. Any questions about the new form or about this bulletin should be directed to Molly White, Manager, Managed Care Section, at 573-526-4106 or molly.white@insurance.mo.gov.



DEPARTMENT OF INSURANCE, FINANCIAL
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**Insurance Bulletin 08-14: Statistical Reports Required of Insurers
Using the 2001 CSO Preferred Class Structure Table**

ISSUED December 31, 2008

To: Insurers and Reinsurers of Life Insurance Business.

From: Linda Bohrer, Acting Director

The purpose of this Bulletin is to notify insurers of the director's decision to waive the mortality experience reporting requirements for year 2008 for all insurers using the 2001 CSO Preferred Class Structure Table.

Rescinded and Inoperative

Subsection (3)(C) of 20 CSR 400-1.170, Rule to Recognize the Preferred Mortality Tables for Use in Determining Minimum Reserve Liabilities, requires every authorized insurer using the 2001 CSO Preferred Class Structure Table to annually file with the director, the NAIC, or with a statistical agent acceptable to the director, statistical reports showing mortality and such other information as the director may deem necessary or expedient for the administration of this rule.

Subsection (3)(C) also gives the director the discretion to exempt any company from said reporting requirement. For reporting year 2008, the director exempts all companies using the 2001 CSO Preferred Class Structure Table from filing the statistical reports required under 20 CSR 400-1.170.

This rule has been amended by emergency rulemaking to allow application of the 2001 CSO Preferred Class Structure Table to certain insurance plans issued on or after January 1, 2007. A notice of a future public hearing on making the emergency amendment permanent will be published by the Secretary of State in a future issue of the *Missouri Register*.

DATED this 31st day of December 2008.

Linda Bohrer
Acting Director



**DEPARTMENT OF INSURANCE, FINANCIAL
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INSURANCE BULLETIN 08 – 15:
Licensing Requirement for Solicitation of Prepaid Legal Services
ISSUED December 30, 2008

To: All Persons Seeking to Sell or Solicit Prepaid Legal Services
From: Linda Bohrer, Acting Director of Insurance
RE: Licensing Requirements for Solicitation of Prepaid Legal Services

On April 22, 2005, the Missouri Department of Insurance (currently the “Department of Insurance, Financial Institutions and Professional Registration”, referred to herein as “DIFP”) issued Bulletin 05-04, which stated that any individual seeking to sell prepaid legal services must be licensed as an insurance producer in order to solicit prepaid legal services in Missouri. In addition, in a news release dated May 5, 2008, DIFP announced the availability of a new examination for individuals selling or seeking to sell prepaid legal services and further reiterated the requirement that individuals must be licensed in order to sell prepaid legal services in Missouri. (The above referenced bulletin and news release are located on the DIFP website.)

Pursuant to 375.014.1 RSMo, “No person shall sell, solicit or negotiate insurance in this state for any class or classes of insurance unless he or she is licensed for that line of authority as provided in this chapter.” The statute further prohibits a company from paying commissions to any person who is not licensed: “An insurance company or insurance producer shall not pay a commission, service fee, brokerage or other valuable consideration to a person for selling, soliciting or negotiating insurance in this state if that person is required to be licensed and is not so licensed.” (375.076.1 RSMo.)

Prior to the May 5, 2008 news release on the new examination for sellers of prepaid legal services, DIFP allowed licensure in other lines of authority for the purpose of meeting the licensing requirements of Chapter 375, RSMo. With the creation of the Prepaid Legal Services line of authority and the above noted examination, any and all persons selling or seeking to sell prepaid legal services must be licensed under the Prepaid Legal Services line of authority on or before March 31, 2009. Anyone seeking to sell or currently selling prepaid legal services will be evaluated under the following criteria:

1. If the person is a licensed producer and is currently selling prepaid legal services, the producer may continue to do so, but only until the March 31, 2009 deadline. If the producer desires to continue to sell prepaid legal services, he/she is required to obtain a license under the Prepaid Legal Services line of authority. Absent such licensure, the producer is prohibited from selling prepaid legal services after the deadline.
2. If the person is a licensed producer, but does not currently sell prepaid legal services, the producer is required to obtain licensure under the Prepaid Legal Services line of authority before the producer may sell prepaid legal services.
3. If the person is not a licensed producer under any line of authority, he/she is prohibited from selling prepaid legal services until they have obtained a license under the Prepaid Legal Services line of authority. If the individual is currently selling prepaid legal services, the individual is in violation of state statute and must cease such activity immediately. Only after the individual has received licensure under the Prepaid Legal Services line of authority may the individual legally sell prepaid legal services.

In addition, representatives of prepaid legal services who solicit membership or explain coverage terms must be licensed as insurance producers under the prepaid legal services line of authority, even if accompanied by a licensed producer. Missouri statutes provide that any licensed insurance producer who assists in the solicitation of, or who agrees to place business from, any person who is not appropriately licensed may also be subject to discipline. In all situations, failure to obtain the required licensure may result in disciplinary action by the Department.

Due to the limited number of testing sites and/or testing dates, DIFP strongly advises individuals to act promptly in scheduling the required testing in order to satisfy the licensing requirements prior to the March 31, 2009 deadline.



MATT BLUNT
GOVERNOR

MISSOURI DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION

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TODD SMITH
DEPARTMENT DIRECTOR

JEFFREY W. BUKER
DIVISION DIRECTOR

MEMORANDUM

TO: All Workers' Compensation Insurance Companies, Self-Insured Employers, Group Trusts and Third-Party Administrators

FROM: Todd Smith, Director 
Missouri Department of Labor and Industrial Relations

Linda Bohrer, Acting Director 
Missouri Department of Insurance, Financial Institutions and Professional Registration

DATE: October 29, 2008

SUBJECT: Workers' Compensation Administrative Tax, Administrative Surcharge and Second Injury Fund Surcharge for the 2009 Calendar Year

Rescinded and Inoperative

As required by Sections 287.690, 287.716 and 287.715 RSMo, the State of Missouri shall impose a workers' compensation administrative tax, administrative surcharge and Second Injury Fund surcharge. For calendar year 2009, the administrative tax will be **0.5 percent**, the administrative surcharge will be **0.5 percent** and the Second Injury Fund surcharge will be **3.0 percent**.

Section 287.690 RSMo authorizes the imposition of an administrative tax not to exceed two percent. Section 287.716 RSMo authorizes the imposition of an administrative surcharge at the same rate as the administrative tax. The revenue from the administrative tax and the administrative surcharge is used to fund the expenses associated with the administration of the Missouri Workers' Compensation law.

The revenue generated by the Second Injury Fund surcharge is used to pay benefit and expense liabilities of the fund. Pursuant to section 287.715 RSMo, the Second Injury Fund surcharge shall not exceed three percent.

Additional information about the functions and services of the Division of Workers' Compensation and the Second Injury Fund may be found at www.dolir.mo.gov/wc.

The Department of Labor and Industrial Relations and the Department of Insurance, Financial Institutions and Professional Registration look forward to working with you in 2009. If you have questions or need additional information, contact the Division of Workers' Compensation at 888-837-6069 or the Department of Insurance, Financial Institutions and Professional Registration at 800-394-0964.